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## Marketing theory applicability in higher education

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### Abstract

Challenges arise in educational environment under the impact of social needs development and labor market transformations. The purpose of the present study is to prove the applicability of marketing theory in universities, as a viable solution to improve system efficiency and effectiveness. Marketing role is analyzed from both social and services perspectives in order to explain its utility to universities, individuals and community as a whole. According to educational services nature, universities are recommended to use, in an integrated manner, a set of seven marketing-mix tools in planning their market relationships: programme, price, place, promotion, processes, physical facilities, and people.

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### 1. Introduction

In recent decades, marketing principles have become an increasingly popular topic for many European universities. As any other organization, educational institutions develop specific activities in a very dynamic business and social environment. Demographic trends and technological evolutions, changes occurred in global economy, international labor market and citizens' living standards, have all significantly affected the higher education system and its image in the society. Furthermore, in the context of economic crisis, both businesses and individuals assign greater responsibility to higher education institutions regarding graduates efficiency and their adaptability to employers' requirements. In turn, universities are facing various problems stemming from specific macroeconomic development and their reaction to local community requests is sometimes considered to be slow.

Higher education reform in Romania has its begging in the 90's, in the context of post-revolutionary economic transformations. Like many other ex-socialist states, the number of Romanian universities has significantly increased, from a number of 46 in November 1989 to 63 in 1993 and then up to 126 in 2000. The number of students enrolled also increased from 215.226 in the academic year 1991/1992 to 533.152 in 2000/2001 and has continually grew up to 907.353 in 2007/2008 (Romanian National Institute of Statistics, *Romanian Statistical Yearbook*). Demand for higher education programs was very high in the first decade after the revolution, leading to a phenomenon of market expansion and product diversification. Obtaining a higher education diploma has become almost naturally a goal of many Romanian high schools graduates, wishing to have access to a safe and well paid job. This opportunity was quickly noticed by private universities, which have developed educational programs and communication campaigns in order to achieve greater market share by attracting numerous students or candidates.

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Therefore, competition between higher education organizations has dramatically increased and currently the market has become saturated. Additional to a high level of competition, in the last years, Romanian universities have faced with many threats, coming from unfavorable evolutions of different macro environment factors. Two of the main problems of the Romanian educational system are related to legislative inconsistency and sector underfunding, with major implications on staff motivation, service quality and student satisfaction. Besides the difficult economic realities, demographic trends show an important decrease in birth rate after 90's. According to national statistics, in 1991 the number of newborns was less than two-thirds of the value registered in 1989 and continued to decline in coming years. Consequently, in the last two academic years, the main concern of Romanian universities was to attract enough students in order to ensure academic programs and faculties survival. This was the case of both private and public universities, taking into account that the financing of educational institutions in Romania is made according to the number of student enrolled, based on the principle that funding should follow the student/pupil.

## **2. Purpose of Study and Research Method**

Considering the difficult realities faced by higher education system in Romania, but also in other European countries, the purpose of the present study is to identify viable options to improve the efficiency and effectiveness of universities' educational activities. More specifically, the present paper explores the need for adopting the marketing approach in higher educational organizations, by analyzing its role and general applicability in the academic system.

The research is fundamental in nature and builds on existing literature in an attempt to delineate appropriate marketing tools for higher education market. Findings were obtained through systematic and critical analysis of relevant secondary source of information, academic books, scientific articles and practical research evidences regarding the Romanian educational sector. The method is appropriate for achieving the paper purpose if we consider the great heterogeneity of the studies conducted in this field. Moreover, practical evidences show a poor understanding of marketing strategies and their importance for organizational long term success, among universities managers and administrators. The analysis and scientific arguments are structured into two main sections. The first debates the meaning of higher education marketing, its role and similarities with other marketing areas, and also the typology of higher education stakeholders. The second analyzes the specific structure and applicability of marketing-mix tools for educational institutions, with some references to the Romanian market. Finally, conclusions are drawn and the paper contribution is highlighted.

## **3. Role and Principles of Higher Education Marketing**

Higher education marketing emerged in the mid-1980s as an offshoot of the field of health care marketing (Hayes, 2007), the idea of marketing being accepted especially after the universities have had to compete for funding and more students (Drummond, 2004). Different authors reach to the conclusion that theoretical perspectives in marketing literature provides insights that may be useful to universities in planning their market relationships and responses to current market dynamics (Dirks, 1998). In terms of higher education, Philip Kotler offers the following definition: "Marketing is the analysis, planning, implementation and control of carefully formulated programs designed to bring about voluntary exchanges of values with target markets to achieve institutional objectives. Marketing involves designing the institution's offerings to meet the target markets' needs and desires, and using effective pricing, communication, and distribution to inform, motivate, and service these markets" (Kotler and Fox, 1995, 6).

An effective method that can be used in order to capture the defining characteristics of educational marketing concept is the comparative analysis with other marketing areas. In result, marketing applied by educational organizations presents major similarities with both social marketing and services marketing. A strict classification of educational marketing theory in one of the two areas is difficult to achieve, especially if we consider that public and private educational institutions coexist in almost every national environment.

From a social marketing perspective, educational marketing objectives can be established as increasing the level of people education, acquiring fundamental knowledge and developing the practical skills and competences needed

by individuals for a good social integration and a better adaptation to the labor market standards. In other words, the role of educational marketing is to ensure harmonization between the individual interests on training and learning with the collective needs of the society, as a whole. Higher education products are delivered to society by training and forming specialists in specific fields of activity. Thus, knowledge and skills transfer from the university to the community becomes visible through graduates' professional and human development, which is a proof of universities' social responsibility. Marketing adoption in higher education favors the fulfillment of organizational social responsibility. By applying specific research marketing tools, the university is able to identify which are the real needs of the community and labor force market regarding educational programs. Defining academic products, by taking into account main stakeholders' requirements, is expected to increase organizational performances and students success in finding the desired jobs. If provided with appropriate skills and competences, higher education graduates will have enough flexibility for achieving their professional goals, even in the context of a changing business environment.

Educational marketing can be also analyzed from a services marketing perspective and consequently, educational services characteristics known as intangibility, inseparability, heterogeneity and perishability, will lead to specific ways of marketing strategies implementation (as shown in the next section). A main determinant of student satisfaction in higher education organizations is the professionalism of teachers, because both inseparability and heterogeneity are related to their skills and the way they interact with the audience.

Trying to achieve a clear understanding of educational marketing purpose from both social and service perspectives, the present paper consider the applicability of marketing theory in higher education as having positive effects on individuals and community as a whole (Eckel, 2007) and also on universities financial benefits.

Universities have to develop their educational activities by taking into account the specific needs of a variety of persons and groups, who may have a direct or an indirect influence in the achievement of academic objectives. These individuals and groups who depend on the organization to fulfill their own goals and on whom, in turn, the organization depends, are called stakeholders (Filip, 2011).

Knowing stakeholders expectations and satisfaction towards higher education performances has to become a starting point for universities in designing their marketing-mix strategies. According to Kotler and Fox (1995), university stakeholders can be classified into sixteen major publics: current students, prospective students, faculty, parents of students, administration and staff, alumni, suppliers, competitors, government agencies, business community, mass media, foundations, trustees, accreditation organizations, local community and general public. In Hewitt and Clayton opinions (1999), the most relevant higher education stakeholders are "the educators and those being educated, those teaching within universities and those studying there".

Different stakeholders may have different interests regarding higher education system. National researches undertaken on the Romanian market prove that stakeholders' perceptions about the quality of Romanian educational system vary significantly, especially on matters pertaining to the university's system capacity to adequately prepare graduates for the labor market. According to employers' perception, there is a large gap between the necessary and the current level of graduates' competences. Instead, a substantial majority of Romanian scholars show a high or very high confidence in higher education system performances and its potential to train individuals in accordance with labor market requirements (Romanian Agency of Quality Assurance in Higher Education, *Quality Barometer* 2010). Thus, we can see that higher education image contrasts among these two important categories of stakeholders, academic staff having more positive perceptions than employers. In order to solve this conflict in a certain time horizon, motivational arguments of both parties should be analyzed by applying marketing research tools. Information obtained should have a great value in developing future academic programs.

#### **4. Developing Specific Marketing-Mix Tools for Higher Education Organizations**

Marketing-mix theory became very popular in the academic world in 1964, after Neil Borden published its article "the concept of marketing mix". The first version of the mix included many ingredients that have been later regrouped by McCarthy into four major components: product, price, place and promotion. Today, these are known worldwide as the 4Ps of marketing, representing the parameters that the marketing manager can control, subject to

the internal and external constraints of the business environment. The aim is to take decisions that focus the four P's on the targeted customers in order to create perceived value and generate a favorable response. The applicability of the classic marketing mix tools into many services industries, including education market has been questioned in the marketing literature (Palmer, 2001). Taking into account the specific nature of the educational service, Kotler and Fox (1995) adapted the marketing-mix model in an educational context, by including additional elements, proposing a set of seven marketing tools: programme, price, place, promotion, processes, physical facilities, and people.

Higher education marketing strategies usually starts with the identification of consumer needs regarding programmes type and structure. University identity is formed based on the nature and quality of its educational programmes and their degree of differentiation in relation with competing academic offers. Because educational services are experiences, their characteristics can be assessed by programmes attendance. Increasing programmes tangibility is usually recommended to favorable influence student perception. In Hollensen opinion (2003, 16) an effective marketing strategy should result in programmes being "cooperatively designed, developed, tested, piloted, provided, installed and refined". Thus, higher education programmes must not be historically developed, with the organization producing the programme concept, but rather researching customer' requests in order to meet students' and employers' specific needs. Romanian universities attract students with an inflation of specializations, but these are not always tailored to student needs. In over 90% of cases, courses are taught in Romanian, which proves a marginal interest for international market penetration. Romanian academic programmes are criticized by students for focusing too much on information memorization, while the practical applicability is neglected.

In higher education, price is frequently associated with tuition fees, which are a basic revenue source for many universities. The considerable drop in people purchasing power in the general context of economic crisis, have made the cost of education a major criterion for university selection, both students and parents being concerned about the financial implications of attending university (Pugsley, 2004). However, price policy must consider the specific target profile and the impact on overall university image, because some consumers perceive more expensive services as adding substantial value. In other cases, discounts and scholarship offers may also attract potential students. Another concern of educational price strategy is to attract sponsorship and funding from private sector. In this respect, Romanian universities are less experienced, due to a lack of cooperation and dialogue with business environment representatives.

The place element or the educational delivery system is designed to create service availability and accessibility, in terms of time and geographical distribution of teaching and learning (Kotler and Fox, 1995). Although traditionally distribution referred to the physical location of a university and its campus, technological developments have helped higher education organizations to increase service accessibility, through electronic platforms use. E-learning programs have been adopted by many international universities, in order to gain market share and target those consumers who perceive geographic or time difficulties in physically attending university courses.

Promotion is used to maintain a continuous dialog with students, employers, professors and other relevant stakeholders. Organizational actions related to other marketing-mix components should be carefully planned and communicated through appropriate vehicles. In order to reach a specific target audience, educational institutions can appeal to different communication techniques, which are usually classified into four major categories: advertising, sales promotion, public relations and personal selling. Universities can use various tools belonging to each category, from educational show exhibits, open days or academic conferences to direct-mail, web pages and social networks. Many Romanian higher education institutions assume a national or even European vocation, although most of their promotional activities have a local or regional target audience. According to their operational plans, only 30% of Romanian universities aim to participate in European education fairs.

Processes refers to the way things happen in an institution, such as the process of management, enrolment, teaching, learning, social and sports activities. They are of critical concern to high contact services such as education (Palmer, 2001, 13). For instance, teaching methods and assessment system are of great interest for prospective students (Ivy and Naude, 2004). Many higher education institutions adopt quality management systems in order to ensure consistency in teaching and other educational processes.

Physical facilities help an educational institution to increase the tangibility of its offering and include every aspect related to built-environment, equipments, technical infrastructure, course books, etc. Often, these are the most

visible issues perceived by students in their intention to differentiate between various universities. They are also useful in supporting teaching and learning processes. Investments in infrastructure are also commonly found in the strategic plans of Romanian higher education organizations.

People refer to all the teaching and administrative staff through which the service is delivered, and customer relations built (Kotler and Fox, 1995). Because of educational services inseparability, teachers' skills and professionalism have a decisive influence on student's satisfaction with existing programmes. Current and former students are also included in this category. Communication and dialogue with students, professional skills and ability to explain, are basic qualities of a good teacher in Romanian students' opinions. Also, interest in knowledge, thoroughness and discipline are characteristics of good students, according to Romanian professors (Romanian Agency of Quality Assurance in Higher Education, *Quality Barometer 2010*).

## 5. Conclusions

Higher education environment is changing under the impact of social needs development and labor market transformations. The present paper proves the applicability of marketing theory in universities, as a viable solution to improve system efficiency and effectiveness. Starting from evidences of Romanian educational sector, marketing role and principle are discussed from both social and services perspectives. Marketing strategies implementation in higher education is debated and specific marketing mix tools are highlighted in order to make a positive connection between marketing theory and higher education practice.

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